

WASHOUGAL SCHOOL DISTRICT NO. 112
Clark County, Washington
September 1, 1994 Through August 31, 1995

Schedule Of Federal Findings

1. District Officials Should Improve Controls Over Assets

Our review of the district's fixed asset system disclosed the following control weaknesses:

- a. The district does not have a centralized fixed asset inventory system.
- b. Purchases, retirements, and transfers of fixed assets are not recorded as they occur.
- c. Detailed listing of the district's property at each location are not kept up to date.
- d. Physical inventories are not performed on a periodic basis.
- e. The district does not meet federal requirements for fixed asset management.

As a result of these conditions, district officials do not have adequate information to ensure assets are safeguarded against loss.

In addition, the district's failure to maintain records which identify federal property violates the "Common Rule" of OMB Circular A-102, Section 32, which states in part:

Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number, the source of property, who holds title, the acquisition date, and cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.

According to district personnel, the inadequate controls are attributed to a lack of resources and personnel assigned to this area.

We recommend the district develop and implement policies and procedures that meet federal requirements and ensure assets are safeguarded against loss.